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SUBJECT: LEADERS BREAK SUMMER LULL WITH TOUGH TALK

REF: OTTAWA 569

¶1. (SBU) Summary: Federal Conservatives used a late July election training conference and a summer caucus meeting in Ottawa to sharpen their attack lines and spark a flurry of renewed election speculation in an otherwise somnolent political summer. Liberal leader Michael Ignatieff also ratcheted up the rhetoric on Employment Insurance (E.I.) reform and a possible fall election, although polls confirm that no party has the edge in voter support. End summary.

CONSERVATIVES GET INTO ELECTION SHAPE

¶2. (U) The Conservative Party of Canada organized an election training conference in Ottawa July 26-29 for MPs, election candidates, and their teams. The sessions focused on modern outreach strategies that the Conservatives have pioneered in Canada and honed in the last two elections: use of social media; voter contact methods; fundraising; dealing with the media; effective use of direct mail; and, community outreach. The session featured Conservative National Campaign Director Doug Finley (who directed the party's 2006 and 2008 winning campaigns), raising expectations that he may again head up the national campaign in the next election. MPs followed the training conference with a half-day summer caucus meeting.

THE PROTAGONISTS RE-EMERGE

¶3. (U) After largely disappearing from public sight after the G8 meetings in Italy (reftel), Prime Minister Stephen Harper resurfaced on July 29 at a tightly scripted appearance in a hardware store to highlight the time-limited federal home renovation tax credit in the 2009 budget. Separately, Liberal Party leader Michael Ignatieff also re-emerged publicly on July 28 and 29 from an intermittent "staycation" at his Ottawa residence. Ignatieff explained that he had been spending the rainy days (July was the wettest month ever in recorded Ottawa history) developing an "ambitious policy agenda" to present "in the fall."

¶4. (SBU) Ignatieff also ratcheted up rhetoric over E.I. reform, warning that "it's getting tougher and tougher" to work with the government on a new bipartisan panel, whose senior Conservative member, Human Resources Minister Diane Finley, publicly on July 29 blasted the Liberals' proposal for a minimum national 360 hour threshold for eligibility for E.I. (which would yield up to a year of benefits after only nine weeks of work) as "academic fantasyland right now." When asked whether he would move a non-confidence motion when Parliament returns and force a fall election, Ignatieff commented that it was "not an unreasonable extrapolation." Ignatieff underscored that the Liberals could be flexible on the number of hours before coverage, but insisted that he would not budge on the principle of a national standard of access to benefits across the country. "Unemployment is surging," he noted "and we need a system that works for Canadians." Statistics Canada reported that 778,700 people received E.I. benefits in May, up by 65,600 from April, and the highest since 1997.

15. (SBU) The E.I. working group's report is due the week of September 28, followed three days later by a Liberal opposition day that Ignatieff could theoretically use to trigger a fall election, if the other two opposition parties cooperate. At their recent caucus, Conservative MPs appeared more upbeat than in June, counseling caution, but were clearly cheered by signs that the economy may be poised to grow again.

POLLS OFFER LITTLE COMFORT

16. (U) An Angus Reid poll conducted July 27 to 28 indicated that, however much or little the Conservatives or Liberals may wish a new election, neither party yet has an advantage. The poll put the Liberals marginally ahead nationally at 34 pct (up four pct from two weeks ago) to the Conservatives' 33 pct, a statistical dead heat, and within the narrow 2 to 3 point range in which the two major parties have been trading for months. The economy remained Canadians' top concern. The poll also indicated that, overall, more Canadians trust PM Harper to manage the economy than Ignatieff (41 pct to 36 pct). Ignatieff's momentum score has fallen five points since early July, while PM Harper's momentum is holding steady.
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